

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 TRSE-00 AGR-20 COME-00

STR-08 L-03 CIAE-00 INR-10 NSAE-00 RSC-01 TAR-02 SS-20

SP-03 NSC-07 H-03 OMB-01 CIEP-02 DRC-01 SSO-00 NSCE-00

INRE-00 PA-04 PRS-01 USIE-00 /137 W

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O R 251212Z APR 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC IMMEDIATE 8717

INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, SP

SUBJECT: COUNTERVAILING DUTY PROCEEDINGS: BOTTLED OLIVES
AND FOOTWEAR

REF A. MADRID 2490 B. STATE 79757

1. EDUARDO PENA, FOREIGN OFFICE SUBDIRECTOR GENERAL FOR BILATERAL ECONOMIC RELATIONS, CALLED IN EMBOFF ON APRIL 24 TO DELIVER NOTE AND ORALLY BRIEF ON GOS POSITION CONCERNING COUNTERVAILING DUTY ISSUE. COMPLETE CONTENTS OF LENGTHY NOTE WILL BE TRANSMITTED BY POUCH TO EUR/IB.

2. IN SUMMARY, THE GOS IS DISPOSED TO SEND TO WASHINGTON APPROPRIATE EXPERTS TO CONSULT AT THE "TECHNICAL LEVEL" ON THE EXPORT REBATE SYSTEM UTILIZED BY THE SPANISH IN CONNECTION WITH FOOTWEAR AND BOTTLED OLIVES. THEY SUGGEST THIS CONSULTATION TAKE PLACE IN THE MONTH OF MAY. ACCORDING TO PENA, A REPRESENTATIVE OF THE SPANISH EMBASSY IN WASHINGTON CALLED UPON TREASURY DEPARTMENT OFFICIAL ROBERT SELF EARLIER THIS WEEK AND WAS
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INFORMED THAT MID-MAY WOULD BE AN APPROPRIATE TIME FOR

THE SPANISH EXPERTS TO COME TO WASHINGTON FOR THE CONSULTATIONS. THE SPANISH NOTE ALSO INDICATED THAT THEY WOULD BE WILLING TO RECEIVE ANOTHER VISIT OF DEPARTMENT OF TREASURY EXPERTS TO MADRID TO FURTHER INVESTIGATE THE MATTER.

3. THE SPANISH NOTE PREFACES THE BRIEF MENTION OF ITS WILLINGNESS TO SEND A TEAM OF EXPERTS TO WASHINGTON WITH A LENGTHY PRESENTATION CALLING FOR THE "URGENT CONVOCA-TION" OF A MEETING BETWEEN REPRESENTATIVES OF THE TWO GOVERNMENTS AT THE POLITICAL LEVEL. THE FRAMEWORK FOR THIS, THEY SUGGEST, SHOULD BE WITHIN THE PROVISIONS OF ARTICLE 26 OF THE 1970 AGREEMENT OF FRIENDSHIP AND COOPERATION. (THIS ARTICLE REFERS TO THE JOINT SPANISH-UNITED STATES ECONOMIC COMMITTEE, WHICH HAS NEVER BEEN CONVOKED SINCE THE SIGNING OF THE AGREEMENT.) THE PURPOSE OF THE MEETING WOULD BE TO CONSULT ON "ALL FINANCIAL AND ECONOMIC MATTERS OF MUTUAL INTEREST." IN THE LATTER CATEGORY THE NOTE SPECIFIES THE EXPORTS OF SPANISH FOOTWEAR AND BOTTLED OLIVES AS BEING AN ISSUE THAT "REQUIRES URGENT MUTUAL ATTENTION IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 2 OF THE AGREEMENT." THE SPANISH ARE DISPOSED TO HAVE THE MEETING EITHER IN MADRID OR WASHINGTON AFTER HAVING PREVIOUSLY DEVELOPED A MUTUALLY AGREED TO AGENDA. IN ADDITION TO THE FOOTWEAR AND OLIVE ISSUES, PENA ORALLY CITED POSSIBLE AGENDA ITEMS AS BEING CONSULTATION ON ENERGY AND MONETARY AFFAIRS AS WELL AS US RESTRICTIONS ON IMPORTS OF SPANISH ARMS. PENA TOLD THE EMBOFF THAT AS REGARDS THE TIMING OF THIS JOINT ECONOMIC COMMITTEE MEETING, IT WOULD PROBABLY BE BEST SCHEDULED FOR LATE MAY OR EARLY JUNE SINCE BY THAT TIME THE "TECHNICAL LEVEL" TALKS IN WASHINGTON ON THE COUNTER-VAILING DUTY ISSUE WILL HAVE BEEN COMPLETED. OBVIOUSLY, FROM THE SPANISH VIEW, THE OUTCOME OF THE COUNTERVAILING DUTY ISSUE WOULD AFFECT THE NATURE OF THE JOINT ECONOMIC COMMITTEE MEETING. IT COULD ALSO MAKE IT UNNECESSARY.

4. ONCE MORE ON THIS OCCASION THE EMBOFF MADE CLEAR THE OVERWHELMING PRESSURES ON THE US ADMINISTRATION THAT MOTIVATED THE COUNTERVAILING DUTY PROCEEDING INVESTIGATION. HE EMPHASIZED THAT IT DID NOT DERIVE FROM A DESIRE TO SINGLE LIMITED OFFICIAL USE

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OUT SPAIN FOR SPECIAL AND UNFRIENDLY TREATMENT NOR TO MAKE IT A "SCAPEGOAT" AS PENA ALLEGED TO BE THE CASE. THE EMBOFF EMPHASIZED THAT THE FULL REPERCUSSIONS OF THE ACTION WERE TAKEN INTO ACCOUNT, A POINT WHICH PENA DID NOT SEEM TO THINK ALL WASHINGTON AGENCIES FULLY REALIZED. THE BASIC DESIRE OF THE US ADMINISTRATION FOR PASSAGE OF A LIBERAL TRADE BILL WITHOUT UNDULY RESTRICTIVE COUNTERVAILING DUTY PROVISIONS WAS CITED BY THE EMBOFF AS A FACTOR UNDERLYING THE

ADMINISTRATION'S BEHAVIOR ON THIS ISSUE RATHER THAN THE PROTECTION-
IST SPIRIT HE INTERPRETED TO BE AT THE BASE OF THE
ACTION.

5. IN ORDER TO RESPOND TO THE SPANISH NOTE THE EMBASSY
WOULD APPRECIATE BEING INFORMED OF THE DEPARTMENT'S POSI-
TION ON THE TWO MATTERS RAISED, I.E., THE "TECHNICAL LEVEL"
TALKS AND THEIR SCHEDULING, AND THE CONVOCATION OF THE
"JOINT ECONOMIC COMMITTEE."
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
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Concepts: FOOTWEAR, EXPORTS, OLIVES, NEGOTIATIONS, COUNTERVAILING DUTIES
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Copy: SINGLE
Draft Date: 25 APR 1974
Decaption Date: 01 JAN 1960
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Executive Order: N/A
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